

OFFICE OF THRIFT SUPERVISION

APPLICATION FOR PERMISSION TO ORGANIZE

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GENERAL INFORMATION AND INSTRUCTIONS

Preparation and Use

This application is used to effect a transaction under section 5(e) of the Home Owners Loan Act (HOLA), as amended (12 U.S.C.1464(e)), and 12 C. F. R. § 543.2 for a federal savings association charter.

All questions must be answered with complete and accurate information that is subject to verification. If the answer is "none," "not applicable," or "unknown," so state. Answers of "unknown" should be explained. The questions in the application are not intended to limit the Applicant's presentation nor are the questions intended to duplicate information supplied on another form or in an exhibit. For such information, a cross reference to the information is acceptable. Supporting information for all relevant factors, setting forth the basis for Applicant's conclusions, should accompany the application. The OTS may request additional information.

In this regard, the OTS must consider the applicable statutory requirements set forth in 5(e) of the HOLA, as well as applicable regulatory requirements, when acting on this application. For additional information regarding these statutory and regulatory requirements, as well as processing procedures and guidelines and any supplemental information that may be required, please refer to the *Application Processing Handbook* or contact us directly for specific instruction or visit their websites at www.ots.treas.gov.

Notice of Publication

An Applicant must publish notice of the proposed organization in a newspaper of general circulation in the community or communities in which the proposed financial institution will be located. The form of notice is contained in the Application Processing Handbook.

Confidentiality

In general, requests for confidential treatment of specific portions of the application must be submitted in writing concurrently with the submission of the application and must discuss the justification for the requested treatment. Applicant's reasons for requesting confidentiality should specifically demonstrate the harm (e.g., to its competitive position, invasion of privacy) that would result from public release of

information (5 U.S.C. 552). Information for which confidential treatment is requested should be: (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled "Confidential." Applicant should follow the same procedure regarding a request for confidential treatment with regard to the subsequent filing of supplemental information to the application.

An Applicant should contact the appropriate OTS regional office for specific instructions regarding requests for confidential treatment. The OTS will determine whether the information submitted as confidential will be so regarded and will advise the Applicant of any decision to make available to the public information labeled as "Confidential."

**APPLICATION FOR PERMISSION TO ORGANIZE
A FEDERAL SAVINGS ASSOCIATION OR A FEDERAL SAVINGS BANK**

Applicant Depository Institution

Name

Street

City

State

Zip Code

Holding Company Identifying Information (if applicable)

Name

Street

City

State

Zip Code

Contact Person

Name

Title/Employer

Street

City

State

Zip Code

Telephone Number

Fax Number

E-Mail Address

1. Overview

- a) Provide a brief overview of the application which includes the Applicant's business focus, its target customer base and market, and the types of financial products and services being offered, including planned non-traditional activities.
- b) Describe any issues regarding the permissibility of the proposal with regard to applicable state or Federal laws or regulations. Identify any regulatory waiver requests.
- c) List and provide a copy of all applications filed in conjunction with this proposal, such as, applications for holding company, trust powers, branch offices, service corporations, other subsidiaries, and OTS Form 138 E or F as appropriate.
- d) When available and/or applicable, provide a copy of all offering materials, proposed articles of incorporation or association or charter, proposed bylaws and proposed form of stock certificate, including any required restrictive legends.
- e) Provide a copy of the Applicant's business plan. The business plan should address, at a minimum, the topics in the Business Plan Guidelines which are contained in the Application Processing Handbook. The Applicant should contact the appropriate OTS regional office for specific instructions to complete the business plan.

2. Management

- a) Provide a list of the Applicant's organizers, proposed directors, senior executive officers, and any individual, or group of proposed shareholders acting in concert, that will own or control 10% or more of the Applicant's stock. Attach OTS Form 1623 Interagency Biographical and Financial Report, finger print cards and RB-20a for each person. Indicate for each person, all positions and offices currently held or to be held with Applicant's Holding Company and its affiliates, if applicable. Also include the signed "Oath of Savings Association" for each organizer.
- b) Describe each proposed director's qualifications and experience to serve as director and to oversee management's implementation of the business plan. Provide a list of board committees and members.
- c) Describe each proposed senior executive officers' duties and responsibilities and qualification and experience to serve in his/her position. If an individual has not yet been selected for a key position, list the criteria that will be required in the selection process. Discuss the proposed terms of employment, including compensation and benefits, and attach a copy of all pertinent documents, including employment contract or compensation arrangement.
- d) Describe any potential management interlocking relationships (12 U.S.C. 3201-3208 and 12 C.F.R. 563f) that could occur with the establishment or ownership of the Applicant. Include a discussion of the permissibility of the interlock with regard to relevant law and regulations.
- e) Describe any potential conflict of interests that could occur with the establishment or ownership of the Applicant.

- f) Describe any transaction, contract, professional fees or any other type of business relationship involving the Applicant, the Holding Company and its affiliates (if applicable), and any organizer, director, senior executive officer, shareholder owning or controlling 10% or more, and other insiders. Include professional services or goods with respect to organizational expenses and bank premises and fixed asset transactions. Indicate whether the business relationship is made on substantially the same terms as those prevailing at the time for comparable transactions with non-insiders. Specify which organizers approved each transaction and whether it was disclosed to proposed directors and prospective shareholders. Attach all relevant documentation including contracts, independent appraisals, market valuations and comparisons.
- g) Describe all stock benefit plans, including stock options, stock warrants, and other similar stock based compensation plans for senior executive officers, organizers, directors, and other insiders. Include in the description: (i) the duration limits; (ii) the vesting requirements; (iii) transferability restrictions; (iv) strike price requirements; (v) rights upon termination; and (vi) any "exercise or forfeiture" clause. Provide a list of participants and when available a copy of each proposed plan. (Plans must conform to applicable regulatory guidelines.)

3. Capital

- a) For each class of stock, provide the number of authorized shares, the number of shares to be issued, par value, voting rights, convertibility features and the projected sales price per share. Indicate the amount of net proceeds to be allocated to common stock, paid-in surplus and other capital segregations.
- b) Describe any non-cash capital contributions the Applicant plans to contribute.
- c) Discuss the adequacy of the proposed capital structure in relation to internal and external risks and planned operations, and in relation to all applicable regulatory requirements. Describe the Applicant's plans for the payment of dividends on capital stock during the first three years of operations.
- d) List all subscribers to capital stock that are organizers, directors, 10% shareholders, senior executive officers and other insiders. Include the number of shares and anticipated investment and the amount of direct and indirect borrowings to finance the investment.
- e) List amounts and recipients of any fees, commissions, or other consideration in connection with the sale of stock.
- f) Indicate whether the Applicant plans to file for S Corporation tax status.

4. Characteristics of the Community

- a) Define the intended geographical market area and provide a map which delineates the proposed market areas, and shows location of Applicant's offices and branches.
- b) Discuss the economic environment for the Applicant. Describe the market in terms of population trends, income, and industry and housing patterns.

- c) Provide an analysis of anticipated changes in the market, the factors influencing those changes, and the effect they will have on the Applicant. List the current principal businesses in the market.
- d) Describe the competitors' strategies and how the Applicant will compete against them. Provide a list of significant competitors.
- e) Provide a copy of any economic survey or market feasibility study.

5. Community Reinvestment Act

- a) Discuss the programs, products, and activities of the Applicant that will meet the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) regulation, including the needs of low- and moderate-income geographies and individuals. In this regard, the Applicant's CRA objectives and the means by which it accomplishes its future performance under the CRA should be presented in a publicly available CRA Plan that is consistent with the proposed business plan. Applicant should contact the appropriate OTS regional office for specific instructions to complete the CRA Plan.
- b) The CRA Plan should: 1) reflect the Applicant's expected lending operations, including product types and delivery channels, 2) cover current and anticipated assessment areas, 3) address expected performance under the relevant regulatory test and its performance criteria (covering the elements of lending, investments and services), and 4) include projected levels, by dollar and number, of lending to low- and moderate-income individuals and areas, both inside and outside the proposed assessment area(s) (when lending outside the assessment(s) will constitute the majority of total lending for a product type at any point during the business plan), for each product that the Chartering Agency will evaluate as part of a CRA examination. The CRA Plan should also address what will be done to market loans to low- and moderate-income individuals and areas, or to small businesses and farms. Projections should be made to estimate penetration of such market segments and the assumptions used to make the projections should be described. A public version of the CRA Plan must include items 1, 2 and 3.

6. Premises and Fixed Assets

- a) Provide a physical description for permanent premises and discuss whether the premises will be publicly accessible. Indicate the level and type of property insurance to be carried.
- b) If the permanent premises are to be purchased, provide name of seller, purchase price, assessed valuation, cost and description of necessary repairs and alternations, and annual depreciation. If the premises are to be constructed, provide the name of seller of lot, cost of lot and construction cost. Indicate the percentage of the building that will be occupied by the bank. Provide a copy of the appraisal if available.
- c) If the permanent premises are to be is leased, provide name of owner, terms of the lease, cost and description of leasehold improvements. Provide a copy of the proposed lease when available.
- d) If temporary quarters are planned, provide a description of interim facility, length of use, lease terms, and other associated commitments and costs.

- e) State whether proposed fixed asset expenditures conform to applicable regulatory limitations.
- f) Indicate if the proposed main office and/or any branch sites affect any district, site, building, or structure listed in, or eligible for listing in, the National Register of Historic Places pursuant to the National Historic Preservation Act, 16 USC 470. Specify how such determination was made (e.g., National Register, Historic Preservation Officer, or other). Provide a copy of any communication with the State Historic Preservation Office (SHPO), and, if applicable, provide documentation of SHPO clearance prior to site preparation, construction or renovation. (Note: Contact with the SHPO may require authorization from the chartering agency.) If the SHPO has not provided a letter, please discuss the status of the group's contact with the SHPO.

7. Other Information

- a) Discuss all activities and other business functions that you plan to outsource to third-parties, identifying the parties and noting any affiliations. Describe all terms and conditions of the outsourcing activities and provide a copy of the proposed agreement when available.
- b) State whether the Applicant plans to market its products and services (the ability to do transactions or account maintenance) via electronic banking or the Internet. If so, specifically state the products and services that will be offered via electronic banking or the Internet.
- c) List all expenses related to the organization of the Applicant and include name of recipient, type of professional service or goods and amount. Describe how organization expense will be paid.
- d) Provide evidence that the Applicant will maintain sufficient fidelity coverage on its officers and employees to conform with generally accepted banking practices.
- e) If applicable, list names and addresses of all correspondent depository institutions that have been established.
- f) Describe the management's proposed independent, risk monitoring systems including internal and external audit activities, loan review program, and compliance management program. State plans for an annual audit by independent public accountant for the first three years of operations. When available, provide a copy of management's policies for loans, investments, liquidity, funds management, interest rate risk and other relevant policies. Provide a copy of the Applicant's Bank Secrecy Act program.
- g) Discuss the proposed institution's compliance with qualified thrift lender requirements.

The organizers certify that the information contained in this application has been examined carefully and is true, correct, and complete, and is current as of the date of this submission. We also certify that any misrepresentations or omissions of material facts with respect to this application, any attachments to it, and any other documents or information provided in connection with the application for the organization of the proposed financial institution and federal deposit insurance may be grounds for denial or revocation of the charter and/or insurance, or grounds for an objection to the undersigned as proposed director(s) or officer(s) of the proposed financial institution, and may subject the undersigned to other legal sanctions, including the criminal sanctions provided for in 18 USC 1001, 1007, and 1014. We request that examiners be assigned to make any investigations necessary.

SIGNATURE AND PLACE OF RESIDENCE	SIGNATURE AND PLACE OF RESIDENCE

Oath of Savings Association Director

Name of Savings Association _____

City _____ County _____ State _____

I, the undersigned, a [proposed] director of the above-named savings association, do solemnly swear (affirm) as follows:

1. I acknowledge that service as a director of a federally insured savings association is an important undertaking that carries with it significant duties and responsibilities. I have read and understand the addendum to this director's oath describing the duties of directors and officers of savings association. (Refer to the Application Processing Handbook)
2. As a director of the above-named savings association, I have a legal responsibility and a fiduciary duty to its shareholders and creditors and to the applicable federal deposit insurance funds to administer the savings association's affairs faithfully and to oversee its management. In carrying out my duties and responsibilities, I shall exercise reasonable care and place the interests of the savings association before my own interests. I shall fulfill my duties of loyalty and care to the above-named savings association.
3. I shall diligently and honestly administer the affairs of the savings association and I shall not knowingly violate, or willingly permit to be violated, any applicable statute or regulation. I shall ensure that I learn of changes in statutes, regulations, and policies of the Office of Thrift Supervision and the Federal Deposit Insurance Corporation or any state to whose jurisdiction my association is subject, which affect my duties, responsibilities or obligations as a director and affiliated person of the savings association.
4. I shall attend meetings of the board of directors and participate fully on all committees of the board to which I am appointed.

Signature _____

Typed Name _____

Mailing Address _____

City _____ State _____ ZIP Code _____

Date _____

Notary Public _____

My Commission Expires _____